



TEXAS ANIMAL HEALTH COMMISSION  
AUSTIN, TEXAS

**ANNUAL FINANCIAL REPORT**  
August 31, 2013

Dee B. Ellis, D.V.M., M.P.A.  
Executive Director

**ANNUAL FINANCIAL REPORT**  
**TEXAS ANIMAL HEALTH COMMISSION**  
**Austin, Texas**  
**For The Fiscal Year Ended August 31, 2013**

**DEE B. ELLIS, D.V.M., M.P.A.**  
**EXECUTIVE DIRECTOR**



## TEXAS ANIMAL HEALTH COMMISSION

Ernie Morales  
*Chairman*

Dee B. Ellis, D.V.M., M.P.A.  
*Executive Director*

November 20, 2013

Honorable Rick Perry, Governor  
Honorable Susan Combs, Texas Comptroller  
Ursula Parks, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Animal Health Commission for the year ended Aug. 31, 2013, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Megan Hilker at (512) 719-0752. Ms. Hilker may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Dee B. Ellis, D.V.M., M.P.A.  
Executive Director

Brandon Bouma  
William Edmiston, Jr., D.V.M.  
Ken Jordan  
Thomas G. Kezar  
Joe L. Leathers  
Coleman H. Locke

COMMISSIONERS:

Thomas E. Oates  
Ralph Simmons  
Mike Vickers, D.V.M.  
Beau White  
Eric D. White  
Jay R. Winter

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>I. Letter of Transmittal</b>	
<b>II. Combined Financial Statements</b>	
A. Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds	1
B. Exhibit II - Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds	3
C. Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds	5
<b>III. Notes to the Financial Statements</b>	7
<b>IV. Combining Financial Statements</b>	
A. Exhibit J-1 - Combining Statement of Changes in Assets And Liabilities – Agency Funds	13
<b>V. Supporting Schedules</b>	
A. Schedule 1A - Schedule of Expenditures of Federal Awards	14
<b>VI. Supplemental Information - Addenda</b>	
A. Addendum I - Organization and General Comments	16
B. Addendum II - Balance Sheet Comments	19
C. Addendum III - Comments on Operations	21
D. Organizational Chart	23

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit I - Combined Balance Sheet/Statement of Net Assets -  
Governmental Funds  
For the Fiscal Year Ended August 31, 2013

	General Funds (Fund 0001)	Governmental Funds Total
<b>ASSETS</b>		
Current Assets:		
Cash and Temporary Investments		
Cash in Bank-Petty Cash	5,500.00	5,500.00
Cash in Bank - Travel	25,000.00	25,000.00
Cash in State Treasury		-
Legislative Appropriations	1,300,896.55	1,300,896.55
Federal Receivable		-
Interfund Receivable		-
Consumable Inventories	174,828.64	174,828.64
Total Current Assets	\$ 1,506,225.19	\$ 1,506,225.19
Noncurrent Assets:		
Capital Assets:		
Non-Depreciable		
Depreciable		
Furniture and Equipment		
Accumulated Depreciation		
Other Assets		
Accumulated Depreciation		
Total Noncurrent Assets	\$ -	\$ -
Total Assets	\$ 1,506,225.19	\$ 1,506,225.19
<b>LIABILITIES AND FUND BALANCES</b>		
Current Liabilities:		
Payables from		
Accounts Payable	218,688.21	218,688.21
Payroll Payable	666,301.57	666,301.57
Interfund Payable		-
Due to Other Agencies		-
Deferred Revenue		
Total Current Liabilities	\$ 884,989.78	\$ 884,989.78
Noncurrent Liabilities:		
Interfund Payable		
Employees Compensable Leave		
Total Noncurrent Liabilities	\$ -	\$ -
Total Liabilities	\$ 884,989.78	\$ 884,989.78
<b>Fund Financial Statement-Fund Balances</b>		
Fund Balances (Deficits):		
Nonspendable for:		
Inventories	\$ 174,828.64	174,828.64
Unassigned	446,406.77	446,406.77
Committed:		
Total fund balances	\$ 621,235.41	\$ 621,235.41
Total Liabilities and Fund Balance	\$ 1,506,225.19	\$ 1,506,225.19

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit II - Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances/Statement of Activities - Governmental Funds

For the Fiscal Year Ended August 31, 2013

	General Funds (Fund 0001)	Governmental Funds Total
<b>REVENUES</b>		
Legislative Appropriations:		
Original Appropriations	\$ 6,189,784.00	\$ 6,189,784.00
Additional Appropriations	1,363,622.63	1,363,622.63
Federal Revenue	2,604,358.87	2,604,358.87
Federal Pass-Through	47,225.52	47,225.52
Licenses, Fees & Permits	414,669.37	414,669.37
Sales of Goods and Services	100,000.00	100,000.00
Other	(29.00)	(29.00)
Total Revenues	<u>\$ 10,719,631.39</u>	<u>\$ 10,719,631.39</u>
<b>EXPENDITURES</b>		
Salaries and Wages	\$ 6,251,046.91	\$ 6,251,046.91
Payroll Related Costs	1,736,814.94	1,736,814.94
Professional Fees and Services	78,560.72	78,560.72
Travel	510,826.42	510,826.42
Materials and Supplies	706,983.10	706,983.10
Communication and Utilities	229,597.08	229,597.08
Repairs and Maintenance	142,470.04	142,470.04
Rentals & Leases	445,368.75	445,368.75
Printing and Reproduction	31,692.64	31,692.64
Grants	39,544.68	39,544.68
Other Expenditures	217,173.30	217,173.30
Capital Outlay	329,674.52	329,674.52
Depreciation Expense		
Total Expenditures/Expenses	<u>\$ 10,719,753.10</u>	<u>\$ 10,719,753.10</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (121.71)</u>	<u>\$ (121.71)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In		
Operating Transfers Out	(316,810.57)	(316,810.57)
Sale of Capital Assets	5,464.10	5,464.10
Total other financing sources and uses	<u>\$ (311,346.47)</u>	<u>\$ (311,346.47)</u>
Net change in fund balances/net assets	<u>\$ (311,468.18)</u>	<u>\$ (311,468.18)</u>
<b>Fund Financial Statement-Fund Balances</b>		
Fund Balances--Beginning, Sept. 1, 2012	\$ 944,500.76	\$ 944,500.76
Restatements	(11,366.16)	(11,366.16)
Fund Balances, September 1, 2012, as Restated	933,134.60	933,134.60
Appropriations Lapsed	431.01	431.01
Fund Balances--August 31, 2013	<u>\$ 621,235.41</u>	<u>\$ 621,235.41</u>

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit VI  
Combined Statement of Net Assets - Fiduciary Funds  
August 31, 2013

	Agency Funds (Exh J-1)	Total
<b>ASSETS</b>		
Cash in State Treasury	2,067.46	2,067.46
Legislative Cash	0.00	0.00
Legislative Appropriations	0.00	0.00
Interfund Receivable	0.00	0.00
<b>Total Assets</b>	<b>2,067.46</b>	<b>2,067.46</b>
<b>LIABILITIES</b>		
Vouchers Payable	0.00	0.00
Funds Held for Others	2,067.46	2,067.46
<b>Total Liabilities</b>	<b>2,067.46</b>	<b>2,067.46</b>

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TEXAS ANIMAL HEALTH COMMISSION (554)

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Not required.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in General Fixed Assets for the year ended August 31, 2013, is presented below.

	<b>PRIMARY GOVERNMENT</b>					<b>Balance 08/31/13</b>
	<b>Balance 09/01/12</b>	<b>Adjustments</b>	<b>Reclassi- fication</b>	<b>Additions</b>	<b>Deletions</b>	
<b>Governmental Activities:</b>						
Depreciable Assets						
Furniture and Equipment	565,945.39			78,824.50	(12,924.00)	631,845.89
Vehicles	797,166.59			250,850.02	(60,844.00)	987,172.61
Total depreciable assets						
at historical cost:	1,363,111.98		-	329,674.52	(73,768.00)	1,619,018.50
Less accumulated depreciation for:						
Furniture and Equipment	(403,466.16)			(52,952.01)	12,924.00	(443,494.17)
Vehicles	(487,306.26)			(97,094.50)	60,844.00	(523,556.76)
Total accumulated depreciation	(890,772.42)		-	(150,046.51)	73,768.00	(967,050.93)
Depreciable assets, net	472,339.56		-	179,628.01	-	651,967.57
Amortized Assets-Intangible						
Software	36,805.39					36,805.39
Total amortized assets - Intangible:	36,805.39		-			36,805.39
Less accumulated amortization for:						
Software	(36,805.39)					(36,805.39)
Total accumulated amortization	(36,805.39)		-			(36,805.39)
Amortizable assets, net	-	-	-	-	-	-
Governmental activities						
Total Governmental activities	\$472,339.56	\$	\$	\$ 179,628.01	\$ -	\$ 651,967.57

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## TEXAS ANIMAL HEALTH COMMISSION (554)

### NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

The Texas Animal Health Commission is authorized to maintain travel advance and petty cash funds for the central office and petty cash funds for each of the seven field offices and the four laboratories.

The Texas Animal Health Commission is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

All deposits are within limits for coverage by depository insurance.

#### Deposits of Cash in Bank

As of August 31, 2013, the carrying amount of deposits was zero..

#### Governmental Activities

Cash in Bank – Carrying Value	\$30,500.00
Cash in Bank per AFR	\$30,500.00

Governmental Funds Current Assets Cash in Bank	\$30,500.00
Cash in Bank per AFR	\$30,500.00

#### Investments

The Texas Animal Health Commission does not participate in investments.

### NOTE 4: SHORT-TERM DEBT

Not applicable

### NOTE 5: SUMMARY OF LONG TERM LIABILITIES

#### Changes in Long-Term Liabilities

During the year ended August 31, 2013, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/12	Additions	(Reductions)	Balance 08/31/13	Amounts Due Within One Year
Compensable Leave	\$1,226,980.16	\$927,726.67	(865,167.68)	\$1,289,539.15	\$642,706.72
Total Governmental Activities	\$1,226,980.16	\$927,726.67	(\$865,167.68)	\$1,289,539.15	\$642,706.72

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TEXAS ANIMAL HEALTH COMMISSION (554)

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 6: BONDED INDEBTEDNESS**

Non-Applicable

**NOTE 7: CAPITAL LEASES**

Non-Applicable

**NOTE 8: OPERATING LEASE OBLIGATIONS**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations.

<u>Fund Type</u>	<u>Amount</u>
General Fund	\$ 388,627.58

Future minimum lease rental payments under non-cancellable operating leases having an initial term in excess of one year are as follows:

For the year ended August 31	Amount
2014	\$ 335,613.99
2015	283,577.84
2016	220,011.36
2017	161,269.16
2018	156,869.16
2019-2023	158,079.05
2024-2028	0.00

Total future minimum lease payments      \$ 1,315,420.56

**NOTE 9: EMPLOYEES RETIREMENT PLANS**

Not Required

**NOTE 10: DEFERRED COMPENSATION**

Not Required

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TEXAS ANIMAL HEALTH COMMISSION (554)

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE  
BENEFITS**

Not Required

**NOTE 12: INTERFUND BALANCES**

As explained in Note 1 on Interfund Activities and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due to Other Agencies
- Due From Other Funds or Due to Other Funds
- Transfers In or Transfers Out.
- Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2013, follows:

Total Operating Transfers (Exh II) Operating Transfers-In Operating Transfers-Out

GAAP Fund 0001

Agency 902, Fund 0001 \$ 316,810.57

Total Transfers \$ 316,810.57

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

The Texas Board of Architectural Examiners is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the Board is abolished and this Act expires September 1, 2019. If abolished, the Board may continue until September 1, 2020 to close out its operations.

**NOTE 14: ADJUSTMENT OF FUND BALANCES/NET ASSETS**

General Revenue

Fund Balance/Net Assets

September 1, 2012 \$ 944,500.76

Restatement/Adjustment (11,366.16)

Fund Balance/Net Asset

September 1, 2012, restated \$ 933,134.60

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TEXAS ANIMAL HEALTH COMMISSION (554)

Adjustments were made to prior valuation in GR Legislative Appropriation Cash due to prior year benefit coverage transfers.

**NOTE 15: CONTINGENT LIABILITIES**

Non-Applicable

**NOTE 16: SUBSEQUENT EVENTS**

Non-Applicable

**NOTE 17: RISK MANAGEMENT**

Non-Applicable

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

Non-Applicable

**NOTE 19: THE FINANCIAL REPORTING ENTITY & JOINT VENTURE**

Non-Applicable

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Non-Applicable

**NOTE 21:**

Non-Applicable

**NOTE 22: DONOR-RESTRICTED ENDOWMENTS**

Non-Applicable

**NOTE 23: SPECIAL OR EXTRAORDINARY ITEMS**

Non-Applicable

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Non-Applicable

**NOTE 25: TERMINATION BENEFITS**

Not Required

**NOTE 26: SEGMENT INFORMATION**

Not Required

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TEXAS ANIMAL HEALTH COMMISSION (554)

EXHIBIT J-1  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
August 31, 2013

	Beginning Balance September 1, 2012	Additions	Deductions	Ending Balance August 31, 2013
<b>Child Support Employee Deduction Fund 0807</b>				
<b>ASSETS</b>				
Cash in State Treasury	1,778.00	26,682.68	26,393.22	2,067.46
Total Assets	<u>\$ 1,778.00</u>	<u>\$ 26,682.68</u>	<u>\$ 26,393.22</u>	<u>\$ 2,067.46</u>
<b>LIABILITIES</b>				
Vouchers Payable		\$ 24,615.22	\$ 24,615.22	-
Funds Held for Others	1,778.00	26,682.68	26,393.22	2,067.46
Total Liabilities	<u>\$ 1,778.00</u>	<u>\$ 51,297.90</u>	<u>\$ 51,008.44</u>	<u>\$ 2,067.46</u>
<b>Unappropriated Fund 1000</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ (227.31)	\$ 411,415.37	\$ 411,188.06	-
Legislative Cash	227.31	0.00	227.31	-
Legislative Appropriations		227.31	227.31	-
Interfund Receivable	227.31		227.31	-
Total Assets	<u>\$ 227.31</u>	<u>\$ 411,642.68</u>	<u>\$ 411,869.99</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Vouchers Payable	\$ -			-
Funds Held for Others	227.31	410,960.75	411,188.06	-
Total Liabilities	<u>\$ 227.31</u>	<u>\$ 410,960.75</u>	<u>\$ 411,188.06</u>	<u>\$ -</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,550.69	\$ 438,098.05	\$ 437,581.28	\$ 2,067.46
Legislative Cash		0.00	227.31	0.00
Legislative Appropriations		227.31	227.31	0.00
Interfund Receivable		0.00	227.31	0.00
Total Assets	<u>\$ 1,550.69</u>	<u>\$ 438,325.36</u>	<u>\$ 438,263.21</u>	<u>\$ 2,067.46</u>
<b>LIABILITIES</b>				
Vouchers Payable	\$ -	\$ 24,615.22	\$ 24,615.22	\$ -
Funds Held for Others	2,005.31	437,643.43	437,581.28	2,067.46
Total Liabilities	<u>\$ 2,005.31</u>	<u>\$ 462,258.65</u>	<u>\$ 462,196.50</u>	<u>\$ 2,067.46</u>

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TEXAS ANIMAL HEALTH COMMISSION (554)

SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2013

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	IDENTIFYING NUMBER	Pass	Through From
			AGY./ UNIV. #	AGENCIES OR UNIV. AMOUNT
<b>U.S. Department of Agriculture:</b>				
<u>Direct Programs:</u>				
Plant and Animal Disease, Pest Control and Animal Care	10.025			
<u>Pass Through From:</u>				
Plant and Animal Disease, Pest Control and Animal Care	10.025			
<u>Pass-Through From:</u>				
West Texas A&M University			757	26,989.70
<b>Total U.S. Department of Agriculture</b>				<b>\$26,989.70</b>
<b>U. S. Department of Homeland Security</b>				
<u>Pass Through From:</u>				
Disaster Grants-Public Assistance (Presidentially Declared Diasters)	97.036			
<u>Pass Through From:</u>				
Texas Department of Public Safety			405	\$20,235.82
<b>Total Department of Homeland Security</b>				<b>\$20,235.82</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$47,225.52</b>

Note 1: The Texas Animal Health Commission does not have Nonmonetary Assistance for Commodities/Surplus Property

Note 2: Below is a reconciliation of the total of federal pass through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned expended; therefore federal revenues equal federal expenditures for the reporting period.

Federal Revenues (Exh II)	\$2,604,358.87
Federal Pass Thru Revenue (Exh II)	\$47,225.52
Total Pass Thru and Expenditures per Federal Schedule	<b>\$2,651,584.39</b>

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TEXAS ANIMAL HEALTH COMMISSION (554)

DIRECT PROGRAM AMOUNT	TOTAL PT FROM & DIRECT PROGRAM	Pass AGY./ UNIV. #	Through AGENCIES OR UNIV. AMOUNT	To NON-STATE ENTITIES AMOUNT	EXPENDITURES AMOUNT	TOTAL PT FROM & EXPENDITURES
\$2,604,358.87	\$2,604,358.87				\$2,604,358.87	\$2,604,358.87
	\$26,989.70				\$26,989.70	\$26,989.70
<u>\$2,604,358.87</u>	<u>\$2,631,348.57</u>		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,631,348.57</u>	<u>\$2,631,348.57</u>
	\$20,235.82				\$20,235.82	\$20,235.82
<u>\$0.00</u>	<u>\$20,235.82</u>		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$20,235.82</u>	<u>\$20,235.82</u>
<u>\$2,604,358.87</u>	<u>\$2,651,584.39</u>		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,651,584.39</u>	<u>\$2,651,584.39</u>

Note 3: The Texas Animal Health Commission does not have Student Loans Processed and Administrative Cost Recovered.

Note 4: The Texas Animal Health Commission does not have Depository Libraries for Governmental Publications.

Note 5: The Texas Animal Health Commission does not have Unemployment Insurance Funds.

Note 6: The Texas Animal Health Commission does not have Rebates for the Special Supplemental Food Program for Women, Infants and Children

Note 7: The Texas Animal Health Commission does not have Deferred Federal Revenues

Note 8: The Texas Animal Health Commission does not participate in the Supplemental Nutrition Assistance Program (SNAP)

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TEXAS ANIMAL HEALTH COMMISSION (554)

**ADDENDUM I**

**ORGANIZATION AND GENERAL COMMENTS**

In 1893 the Texas Legislature established the Texas Livestock Sanitary Commission to fight the tick fever epidemic which threatened to cripple the economic viability of the state's cattle industry. In 1959 the agency was renamed the Texas Animal Health Commission (TAHC). Over time, the Legislature has expanded TAHC's jurisdiction and animal health responsibilities into a growing number of new animal health programs. Many programs of which are mandated by state and federal law, some of which were requested by the affected industry and all of which have significant real or potential impact on Texas' animal agriculture industries. Today, TAHC works to prevent, control, and eradicate disease in Texas livestock, exotic livestock, domestic fowl, and exotic fowl.

Administration of the Commission's programs is handled at the Austin central office. The TAHC is divided into seven "regions", each with a regional office managed by a veterinarian. TAHC and its USDA APHIS Veterinary Services (VS) partners are responsible for ensuring that Texas meets animal disease prevention, surveillance, control, and eradication standards. Three main elements embody animal health program field operations functions — Animal Health Assurance, Animal Health Management, and Animal Health Emergency Response.

Thirteen Commissioners are appointed by the Governor to serve for six-year terms. Representing all segments of the livestock industry and the public, to ensure industry representation by the Commission, one member, qualified by experience, must be from each of the following fields: (1) practitioner of veterinary medicine; (2) dairy industry; (3) cattle industry; (4) hog industry; (5) sheep or goat industry; (6) poultry industry; (7) feed-lot industry; (8) equine industry; (9) livestock marketing industry; and (10) exotic livestock industry. The three remaining members represent the general public.

Commission members serving at August 31, 2013, were:

<b><u>Name</u></b>	<b><u>Industry</u></b>	<b><u>Term Expires</u></b>
Ernesto A. Morales, Chairman, Devine	Feedlot	09/06/2017
Brandon Bouma, Plainview	Dairy	09/06/2017
Randy C. Brown, Lubbock	General Public	09/06/2013
William F. Edmiston, Jr., DVM, Eldorado	Sheep and Goat	09/06/2013
Kenneth G. Jordan, San Saba	Livestock Market	09/06/2013
Thomas G. Kezar, Dripping Springs	General Public	09/06/2017
Coleman H. Locke, Wharton	Beef Cattle	09/06/2015
Charles E. Real, Marion	Swine	09/06/2013
Ralph Simmons, Center	Poultry	09/06/2015
Michael L. Vickers, DVM, Falfurrias	Veterinary Profession	09/06/2017
Mark A. Wheelis, Karnes City	Equine	09/06/2013
Beau White, Rosanky	General Public	09/06/2015
Richard W. Winters, Eden	Exotic Livestock & Fowl	09/06/2013

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### TEXAS ANIMAL HEALTH COMMISSION (554)

The Commission's key employees at August 31, 2013, were:

<u>Name</u>	<u>Title</u>
Dee Ellis, D.V.M., M.P.A.	Executive Director
Larissa Schmidt, S.P.H.R.	Director for Administration
Vacant	Assistant Executive Director for Animal Health Programs
Andy Schwartz, D.V.M	Assistant Executive Director for Epidemiology & Laboratories
Holly Hughes-Garza, D.V.M.	Director of Laboratories
Wallace E. Snelson	General Counsel

#### Region Offices:

David Finch, D.V.M.	Region Director, Amarillo
Mark Michalke, D.V.M.	Region Director, Hempstead
Maxwell Dow, D.V.M.	Region Director, Ft Worth
Gregory Hawkins, D.V.M.	Region Director, Mt Pleasant
T. R. Lansford, D.V.M.	Region Director, Beeville
Pete Fincher, D.V.M.	Region Director, Lampasas
Tommy Barton, D.V.M.	Region Director, Rockdale

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TEXAS ANIMAL HEALTH COMMISSION (554)

**ADDENDUM II**

**BALANCE SHEET COMMENTS**

Exhibit I presents a combined balance sheet for the fund types of the Texas Animal Health Commission at August 31, 2013. The following comments expound on various elements of that exhibit.

**Legislative Appropriations**

Legislative appropriations consist of unexpended general revenue fund appropriation balances in the state treasury and federal cooperative agreement funds deposited to these appropriations.

**Cash in State Treasury**

Eighty-second Texas Legislatures approved rider 10 for Contingency Appropriations: Cost Recovery for Animal Health Programs for the Texas Animal Health Commission assessing fees sufficient to generate during the 2012-2013 biennium, revenue to cover, at a minimum the General Revenue appropriations expended for these programs. During fiscal year 2013, collected fees are reflected in the increase of \$348,914.55 Livestock Imp/Export Processing Fees. An additional amount of \$352,140.95, for the sale of Certificates of Veterinary Inspection, Fowl Registration and administrative penalties, was deposited to unappropriated funds in the state treasury and swept by the Comptroller during the year.

Transactions for agency funds for fiscal 2013 are shown in Exhibit J-1.

**Cash in Bank- Travel Advance Fund**

The Commission maintains a \$25,000.00 travel advance fund at Frost Bank.

**Cash in Bank- Petty Cash Fund**

The Austin office of the Commission maintains a \$1,000.00 petty cash fund at Frost Bank. Seven of the Commission's region offices and two of the laboratories maintain \$500.00 petty cash funds in local banks.

**Consumable Supplies and Postage**

Consumable supplies and postage on hand at August 31, 2013 were:

Insecticides	\$ 14,653.94
Field/Office Supplies	148,663.69
Postage	<u>11,511.01</u>
Total	<u>\$ 174,828.64</u>

**Fixed Assets**

Accounting policies with respect to fixed assets are presented in the notes to the financial statements.

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## UNAUDITED

### TEXAS ANIMAL HEALTH COMMISSION (554)

#### **ADDENDUM III** **COMMENTS ON OPERATIONS**

The Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended August 31, 2013, is presented in Exhibit II. The following comments provide supplemental information regarding fiscal operations.

The Commission works to prevent, control, and eradicate disease in Texas livestock, exotic livestock, domestic fowl, and exotic fowl. The agency mission includes:

- protecting livestock and fowl from domestic, foreign, and emerging animal diseases;
- increasing the marketability of Texas livestock commodities worldwide;
- promoting and ensuring animal health and productivity;
- protecting human health from animal disease and conditions that are transmissible to people; and
- preparing for and responding to emergencies involving animals.

As Texas hones its competitiveness in the global food market, TAHC programs support animal agriculture by focusing on the control and eradication of domestic diseases and emerging diseases and/or pests such as cattle and swine brucellosis, tuberculosis, trichomoniasis, equine piroplasmiasis, and cattle fever ticks. The TAHC also ensures that the basic infrastructure is in place to reduce the risk of emerging and foreign animal diseases and exotic pests.

The Texas Animal Health Commission, as a livestock and poultry health agency, also provides services to key groups which include: private practice veterinarians, cattle producers/feeders, poultry producers, swine producers, exotic livestock and fowl producers, auction markets, livestock shows and rodeos, stakeholder organizations, equine producers, equestrians, non-profit emergency response organizations, and local governments.

New and/or innovative funding streams, and/or the return of traditional forms of fiscal support will be needed to ensure the agency can handle the long standing disease response activities, while strengthening new processes and partnerships to manage all the emerging situations mentioned above. Regardless, TAHC leadership is committed to continuing the proud tradition of service to the citizens and animals of Texas and looks forward to meeting any future challenges.

Six key functions of the agency in addressing diseases and parasites in animals and emergency management are: (1) Prevention, (2) Surveillance, (3) Diagnosis, (4) Control, (5) Eradication, and (6) Emergency Management/Homeland Security.

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Texas Animal Health Commission  
Fiscal Year 2013

